Preliminary Final Report

FULL YEAR ENDED 31 DECEMBER 2015

APN NEWS & MEDIA LIMITED
ABN 95 008 637 643

RULE 4.3A APPENDIX 4E
APN NEWS & MEDIA LIMITED

ABN 95 008 637 643

PRELIMINARY FINAL REPORT

Full year ended 31 December 2015

Results for Announcement to the Market

As reported		
Revenue from continuing operations	$850.0m	1% ↑
Revenue from ordinary activities	$850.0m	0% ↑
Net loss attributable to members of the parent entity	($10.2m)	189% ↓

Refer to separate market announcement and presentation for further details and commentary on the results for the year.

Dividends	Amount per share	Franked amount per share
The Directors have determined that no final dividend will be payable for the year ended 31 December 2015		
Interim 2015 dividend	0.0 cents	0.0 cents

Net tangible assets per share	December 2015 $	December 2014 $
Net tangible assets per ordinary share	(0.28)	(0.25)
Net asset backing per ordinary share	0.41	0.42

This report is based on the consolidated financial statements which are in the process of being audited.

TABLE OF CONTENTS

ABOUT THE PRELIMINARY FINAL REPORT

APN News & Media Limited (Company) is a for profit company limited by ordinary shares which are publicly traded on the Australian Securities Exchange and the New Zealand Exchange. The financial statements are for the consolidated entity consisting of APN News & Media Limited and its subsidiaries (Group).

This preliminary final report as at and for the year ended 31 December 2015 was approved by resolution of the Board of Directors on 25 February 2016.

BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), except for certain disclosure requirements of AASB 124 *Related Party Disclosures*, AASB 2 *Share Based Payments* and Corporations Regulation 2M.3.01 *Disclosures required by notes to consolidated financial statements–annual financial reports*. These disclosures will be incorporated into the financial statements included in the Annual Report.

All new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period have been adopted. Refer to Note 6.5 for further details.

The financial report is presented in Australian dollars which is the Company's functional and presentation currency.

It has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) and certain classes of property, plant and equipment.

The Company presents reclassified comparative information, where required, for consistency with the current year's presentation.

The Company is of a kind referred to in ASIC Class Order 98/100 *Rounding in financial reports and directors' reports*, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

During the year, the financial report was revised to improve on readability, relevance and usefulness. This was done by the reordering of notes, revision of disclosures and removal of immaterial disclosures.

KEY JUDGEMENTS AND ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year can be found in the following notes:

- Note 2.1 Intangible assets; and
- Note 4.1 Income tax and deferred tax

SIGNIFICANT EVENTS IN THE CURRENT REPORTING PERIOD

During the current financial year, the financial position and performance of the Group was particularly affected by the following events and transactions:

- on 30 January 2015, the Group acquired 100% of Radio 96FM Perth Pty Limited from Fairfax Media. The purchase price was $78.0 million and was funded from cash and existing debt facilities (refer to note 5.1 for further details); and
- on 30 July 2015, the Group extended its debt facilities with a syndicate of domestic and international banks. The facility now matures in July 2019 (refer to note 3.1 for further details).

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Revenue from continuing operations	1.1	849,986	843,157
Other revenue and income	1.1	14,102	16,084
Total revenue and other income		864,088	859,241
Expenses from continuing operations before impairment, finance costs, depreciation and amortisation	1.2	(738,954)	(722,530)
Impairment of intangible assets	2.1	(50,804)	(49,678)
Finance costs	1.2	(35,510)	(41,822)
Depreciation and amortisation	1.2	(35,307)	(33,336)
Share of profits of associates	5.5	11,899	11,263
Profit before income tax		15,412	23,138
Income tax expense	4.1	(19,796)	(6,430)
Profit/(loss) from continuing operations		(4,384)	16,708
Profit from discontinued operations	6.1	–	2,417
Profit/(loss) for the year		(4,384)	19,125
Profit/(loss) for the year is attributable to:			
Owners of the parent entity		(10,202)	11,489
Non-controlling interests		5,818	7,636
Profit/(loss) for the year		(4,384)	19,125

		Cents	Cents
Earnings per share from continuing operations			
Basic/diluted earnings per share	1.4	(1.0)	0.9
Earnings per share from continuing and discontinued operations			
Basic/diluted earnings per share	1.4	(1.0)	1.2

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Profit/(loss) for the year		(4,384)	19,125
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net exchange difference on translation of foreign operations	3.7	1,571	(1,325)
Share of joint venture's other comprehensive income	3.7	–	(1,103)
Share of associate's other comprehensive income	3.7	(1,023)	361
Change in fair value of hedges	3.7	(196)	–
Exchange and other differences applicable to non-controlling interests	3.7	–	(94)
Items that will not be reclassified to profit or loss			
Revaluation of freehold land and buildings	3.7	988	–
Remeasurements on retirement benefit obligations	3.7	431	(440)
Other comprehensive income, net of tax		1,771	(2,601)
Total comprehensive income		(2,613)	16,524
Total comprehensive income is attributable to:			
Owners of the parent entity		(8,431)	8,982
Non-controlling interests		5,818	7,542
		(2,613)	16,524
Total comprehensive income attributable to owners of the parent entity arises from:			
Continuing operations		(8,431)	7,556
Discontinued operations		–	1,426
		(8,431)	8,982

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	3.2	21,721	38,980
Receivables	2.3	127,220	129,494
Inventories		6,288	7,615
Income tax receivable		31	2,207
Other current assets		6,796	6,711
Total current assets		162,056	185,007
Non-current assets			
Shares in other corporations	5.4	32,077	26,352
Investments accounted for using the equity method	5.5	53,811	52,935
Property, plant and equipment	2.2	136,777	133,570
Intangible assets	2.1	712,057	690,627
Deferred tax assets	4.1	37,361	40,713
Total non-current assets		972,083	944,197
Total assets		1,134,139	1,129,204
Current liabilities			
Payables		115,861	107,450
Interest bearing liabilities	3.1	1,177	1,643
Current tax liabilities		1,509	1,609
Provisions	2.4	25,631	21,334
Total current liabilities		144,178	132,036
Non-current liabilities			
Payables		19,888	10,858
Interest bearing liabilities	3.1	470,236	487,666
Derivative liabilities		280	–
Retirement benefit liability		1,374	2,073
Provisions	2.4	6,435	4,380
Deferred tax liabilities	4.1	30,223	23,501
Total non-current liabilities		528,436	528,478
Total liabilities		672,614	660,514
Net assets		461,525	468,690
Equity			
Contributed equity	3.5	1,222,780	1,222,780
Reserves	3.7	(137,102)	(138,877)
Accumulated losses	3.7	(659,333)	(650,117)
Total parent entity interest		426,345	433,786
Non-controlling interests		35,180	34,904
Total equity		461,525	468,690

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers		955,190	944,986
Payments to suppliers and employees		(812,068)	(825,709)
Dividends received		3,802	1,697
Interest received		439	573
Interest paid		(25,341)	(37,139)
Income taxes paid		(2,909)	(12,123)
Net cash inflows from operating activities	3.2	119,113	72,285
Cash flows from investing activities			
Payments for property, plant and equipment		(33,271)	(14,809)
Payments for software		(9,271)	(5,286)
Payments for other intangible assets		(4,535)	(9,183)
Proceeds from sale of property, plant and equipment		2,619	3,516
Acquisition of controlled entities		(76,104)	–
Net proceeds from sale of businesses		–	5,343
Net proceeds from sale of financial assets		–	74,370
Net loans repaid by/(advanced to) other entities		454	1,997
Dividends received from associate		10,000	9,500
Net cash inflows/(outflows) from investing activities		(110,108)	65,448
Cash flows from financing activities			
Proceeds from borrowings		126,263	865,266
Repayments of borrowings		(141,566)	(793,760)
Payments for borrowing costs		(6,006)	(8,992)
Principal repayments under finance leases		–	(38,872)
Proceeds from share issue		–	128,166
Payments to non-controlling interests		(6,030)	(271,422)
Net cash outflows from financing activities		(27,339)	(119,614)
Change in cash and cash equivalents		(18,334)	18,119
Cash and cash equivalents at beginning of the year		38,980	19,956
Effect of exchange rate changes		1,075	905
Cash and cash equivalents at end of the year	3.2	21,721	38,980

The Consolidated Statement of Cash Flows includes cash flows from continuing and discontinued operations.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Total parent entity interest						
	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2014		1,093,372	(70,503)	(664,299)	**358,570**	248,554	**607,124**
Profit for the period		–	–	11,489	**11,489**	7,636	**19,125**
Other comprehensive income		–	(2,067)	(440)	**(2,507)**	(94)	**(2,601)**
Contributions of equity	3.5	129,408	–	–	**129,408**	–	**129,408**
Share-based payments expense	3.7	–	1,295	–	**1,295**	–	**1,295**
Transfers within equity	3.7	–	(3,133)	3,133	**–**	–	**–**
Transactions with non-controlling interests	3.7	–	(64,469)	–	**(64,469)**	(221,192)	**(285,661)**
Balance at 31 December 2014		1,222,780	(138,877)	(650,117)	**433,786**	34,904	**468,690**
Balance at 1 January 2015		1,222,780	(138,877)	(650,117)	**433,786**	34,904	**468,690**
Profit/(loss) for the period		–	–	(10,202)	**(10,202)**	5,818	**(4,384)**
Other comprehensive income		–	1,340	431	**1,771**	–	**1,771**
Share-based payments expense	3.7	–	990	–	**990**	–	**990**
Transfers within equity	3.7	–	(555)	555	**–**	–	**–**
Transactions with non-controlling interests	3.7	–	–	–	**–**	(5,542)	**(5,542)**
Balance at 31 December 2015		1,222,780	(137,102)	(659,333)	**426,345**	35,180	**461,525**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
1. GROUP PERFORMANCE

1.1 REVENUES

	2015 $'000	2014 $'000
Revenue and other income		
From continuing operations		
Advertising revenue	677,402	667,292
Circulation and subscription revenue	118,479	123,331
Services revenue	37,612	39,081
Other revenue	16,493	13,453
Revenue from continuing operations	849,986	843,157
Dividends received	3,746	1,756
Rent received	1,023	843
Gains on financial assets held at fair value through profit or loss	6,568	4,097
Gains on disposal of properties and businesses	410	5,759
Gain on insurance claim	1,289	–
Foreign exchange gains	–	2,161
Other	627	29
Other income	13,663	14,645
Interest income	439	1,439
Finance income	439	1,439
Total other revenue and income	14,102	16,084
Total revenue and other income	864,088	859,241
From discontinued operations (refer note 6.1)		
Total revenue and other income	–	11,082

Accounting policy

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, rebates and taxes paid.

The Group recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that the economic benefits will flow to the Group; and
- the criteria for revenue recognition has been satisfied.

Advertising revenue is recognised when the advertisement is published or broadcast, when the coupon is sold, or over the period the advertisement is displayed.

Circulation and subscription revenue is recognised when the publication is purchased or on a straight-line basis over the subscription period.

Services revenue is recognised by reference to the stage of completion of the transaction, when it can be measured reliably. Services revenue includes printing, production and installation.

Other revenue includes sponsorship and royalties.

The IASB has issued IFRS 15 *Revenue from Contracts with Customers*, a new standard for the recognition of revenue, replacing IAS 18 *Revenue* which covers contracts for goods and services. It applies to annual reporting periods commencing on or after 1 January 2018. The AASB has issued an equivalent standard. The Group is still assessing the impact of the new rules on its revenue recognition policies and at this stage is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
1. GROUP PERFORMANCE

1.2 EXPENSES

	Note	2015 $'000	2014 $'000
From continuing operations			
Employee benefits expense		346,736	332,731
Production and distribution expense		142,632	144,540
Selling and marketing expense		101,377	102,876
Rental and occupancy expense		64,938	67,232
Repairs and maintenance costs		9,990	8,555
Travel and entertainment costs		8,717	7,505
Onerous contract costs	2.4	13,342	-
Redundancies and associated costs	2.4	11,911	8,940
Asset write downs and business closures		3,929	8,442
Acquisition costs		1,304	-
Costs relating to one off projects	1.3	4,556	8,106
Losses on disposal of property		236	-
Other expenses		29,286	33,603
Total expenses before impairment, finance costs, depreciation and amortisation		738,954	722,530
Interest and finance charges		30,365	36,561
Borrowing costs amortisation		5,145	5,261
Total finance costs		35,510	41,822
Depreciation		23,936	24,491
Amortisation		11,371	8,845
Total depreciation and amortisation		35,307	33,336
Rental expense relating to operating leases		53,032	55,727
Impairment of receivables		1,521	1,353
Contributions to employee superannuation plans		16,607	15,833
From discontinued operations			
Total expenses excluding write downs to fair value	6.1	-	5,866

1.3 SEGMENT INFORMATION

(a) Description of segments

The Group has identified its operating segments based on the internal reports reviewed by the Board of Directors and the senior management team in assessing performance and determining the allocation of resources. There are six reportable segments as follows:

Reportable segment	Principal activities
NZME Publishing	Newspaper, magazine, online publishing and events (New Zealand)
NZME Radio	Radio networks (New Zealand)
GrabOne	eCommerce business (New Zealand)
Australian Regional Media	Newspaper and online publishing (Australia)
Australian Radio Network	Metropolitan radio networks (Australia)
Outdoor	Street furniture, billboard, transit and other outdoor advertising

The Directors and senior management team assess the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations which excludes the effects of exceptional items such as gains or losses on disposals of businesses and restructuring related costs.

The NZME Publishing segment includes the costs associated with the NZME group executive team and also other staff working in integrated functions.

(b) Results by operating segment

The segment information provided to the Directors and senior management team for the year ended 31 December 2015 is as follows:

2015 $'000	NZME Publishing	NZME Radio	GrabOne	Australian Regional Media	Australian Radio Network	Outdoor	Unallocated	Total
Revenue from external customers	274,621	111,741	16,106	188,485	221,082	37,951	–	**849,986**
Share of profits of associates	–	–	–	–	–	9,395	2,504	**11,899**
Segment result	42,952	22,545	4,146	18,376	82,838	9,835	(14,496)	**166,196**
Segment assets	241,228	181,503	27,034	79,909	489,752	56,499	58,214	**1,134,139**
Segment liabilities	54,218	14,927	4,691	27,455	40,539	17,780	513,004	**672,614**
Reconciliation of segment result to profit before income tax from continuing operations								
Segment result								**166,196**
Depreciation and amortisation								(35,307)
Net finance costs[A]								(35,071)
Gains on financial assets held at fair value through profit or loss[B]								3,977
Gains on disposal of properties and businesses[C]								174
Gain on insurance claim[D]								1,289
Onerous contract costs[E]								(13,342)
Redundancies and associated costs[F]								(11,911)
Asset write downs[G]								(3,929)
Acquisition costs[H]								(1,304)
Costs relating to one off projects[I]								(4,556)
Impairment of intangible assets[J]								(50,804)
Profit before tax from continuing operations								**15,412**

Explanation of statutory adjustments

A Net finance costs include $3.3 million relating to the write off of previously capitalised borrowing costs and one off costs associated with the recent refinancing of the Group's debt facilities.

B Gains on financial assets held at fair value through profit or loss refer to gain on the Group's interest in Nova 93.7, an FM radio station in Perth, Western Australia.

C Gains on disposal of properties and businesses is the gain on sale of an NZME property in Invercargill, New Zealand offset by loss on sale of ARM property in Rockhampton.

D Gain on insurance claim refers to claims made to cover the costs of repair of damage to printing press equipment.

E The onerous contract costs relate to a provision for the onerous elements of the Buzplay bus advertising contract in Hong Kong.

F The redundancies and associated costs relate to the restructuring of the Group's publishing divisions and integration of the New Zealand operations.

G The asset write downs include the write off of Hong Kong Outdoor assets following the loss of the bus body advertising contract with effect from 30 June 2015, and a write off of leasehold improvements in NZME as a result of the office co-location.

H Acquisition costs are the costs associated with the acquisition of Radio Perth 96FM Pty Limited.

I The costs related to one off projects refers primarily to costs of external consultants assisting with the integration and co-location in New Zealand.

J Refer to Note 2.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
1. GROUP PERFORMANCE

1.3 SEGMENT INFORMATION (CONTINUED)

2014 $'000	NZME Publishing	NZME Radio	GrabOne	Australian Regional Media	Australian Radio Network	Outdoor	Unallocated	Total
Revenue from external customers	274,346	116,849	19,037	202,093	180,931	49,901	–	**843,157**
Share of profits of associates	–	–	–	–	–	9,555	1,708	**11,263**
Segment result	47,962	23,102	4,015	25,036	66,488	14,267	(16,767)	**164,103**
Segment assets	239,575	174,053	27,254	144,192	398,723	67,445	77,962	**1,129,204**
Segment liabilities	41,223	12,023	5,041	23,793	76,596	9,074	492,764	**660,514**

Reconciliation of segment result to profit before income tax from continuing operations

Segment result	164,103
Depreciation and amortisation	(33,336)
Net finance costs[A]	(40,383)
Gain on disposal of properties and businesses[B]	5,759
Redundancies and associated costs[C]	(8,940)
Asset write downs and business closures[D]	(8,442)
Costs in relation to one off projects[E]	(8,106)
Foreign exchange gains	2,161
Impairment of intangible assets	(49,678)
Profit before tax from continuing operations	**23,138**

Explanation of statutory adjustments

A Net finance costs include an early redemption premium paid to holders of the New Zealand retail notes redeemed during the year of $1.8 million; and the write off of unamortised borrowing costs associated with the previous financing arrangements of $2.4 million. The costs associated with the new syndicated banking facility have been capitalised and will be amortised over the life of the facility.

B Gain on disposal of properties and businesses primarily relate to the gain on the sale of the NZ Magazines business to Bauer Media in February 2014.

C Redundancies and associated costs relate to restructuring of our publishing divisions and integration of our New Zealand operations

D Asset write downs and business closures relate primarily to the closure of the Toowoomba print site scheduled for late 2015 and the onerous lease obligations for vacated properties.

E The costs related to one off projects relate to costs incurred exploring the US bond issue during the year; costs related to the proposed NZME IPO process and costs related to the integration of NZME.

Accounting policy

Segment revenues and expenses comprise amounts that are directly attributable to a segment and the relevant portion that can be allocated on a reasonable basis. Corporate overheads, including centralised finance, legal and administrative costs, are not allocated against operating segments but rather are included above as unallocated amounts.

Segment revenues and results exclude transfers between segments. Such transfers are priced on an arm's length basis and are eliminated on consolidation.

(c) Other segment information

The Group is domiciled in Australia and operates predominantly in Australia, New Zealand and Asia. Revenue from external customers in Australia is $409,591,000 (2014: $383,024,000), in New Zealand is $402,445,000 (2014: $410,232,000) and in Asia is $37,950,000 (2014: $49,901,000). Segment revenues are allocated based on the country in which the customer is located.

The total of non-current assets located in Australia is $541,545,000 (2014: $505,973,000) and in other countries is $430,538,000 (2014: $438,224,000). Segment assets are allocated to countries based on where the assets are located.

1.4 EARNINGS PER SHARE

	2015 $'000	2014 $'000
(a) Reconciliation of earnings used in calculating earnings per share (EPS)		
Profit/(loss) from continuing operations attributable to owners of the parent entity	(10,202)	8,960
Profit from discontinued operations attributable to owners of the parent entity	–	2,529
Profit/(loss) attributable to owners of the parent entity used in calculating basic/diluted EPS	(10,202)	11,489

	Number	Number
(b) Weighted average number of shares		
Weighted average number of shares used as the denominator in calculating basic EPS	1,029,041,356	981,277,290
Adjusted for calculation of diluted EPS	–	–
Weighted average number of shares used as the denominator in calculating diluted EPS	1,029,041,356	981,277,290

Accounting policy

Basic earnings per share

Basic earnings per share is determined by dividing:

- the net profit or loss attributable to owners of the Company; by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account:

- the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
2. OPERATING ASSETS AND LIABILITIES

2.1 INTANGIBLE ASSETS

2014 $'000	Goodwill	Software	Mastheads	Radio licences	Brands	Total
Cost	274,927	48,313	1,184,606	383,060	56,379	**1,947,285**
Accumulated amortisation and impairment	(193,493)	(38,246)	(996,059)	(28,860)	–	**(1,256,658)**
Net book amount	**81,434**	**10,067**	**188,547**	**354,200**	**56,379**	**690,627**
Movements						
Opening net book amount	79,266	10,376	231,096	339,614	54,503	**714,855**
Additions	–	5,286	2,609	16,060	–	**23,955**
Disposals	(198)	(36)	–	–	–	**(234)**
Amortisation	–	(5,838)	–	(3,007)	–	**(8,845)**
Impairment	–	–	(49,678)	–	–	**(49,678)**
Foreign exchange differences	2,366	279	4,520	1,533	1,876	**10,574**
Closing net book amount	**81,434**	**10,067**	**188,547**	**354,200**	**56,379**	**690,627**

2015 $'000	Goodwill	Software	Mastheads	Radio licences	Brands	Total
Cost	284,321	53,809	1,159,182	448,970	55,327	**2,001,609**
Accumulated amortisation and impairment	(193,493)	(42,527)	(1,021,563)	(31,969)	–	**(1,289,552)**
Net book amount	**90,828**	**11,282**	**137,619**	**417,001**	**55,327**	**712,057**
Movements						
Opening net book amount	81,434	10,067	188,547	354,200	56,379	**690,627**
Additions	–	9,271	–	–	–	**9,271**
Acquisition of controlled entities	10,444	–	2,500	67,305	–	**80,249**
Disposals	–	(175)	–	–	–	**(175)**
Amortisation	–	(7,756)	–	(3,615)	–	**(11,371)**
Impairment	–	–	(50,804)	–	–	**(50,804)**
Foreign exchange differences	(1,050)	(125)	(2,624)	(889)	(1,052)	**(5,740)**
Closing net book amount	**90,828**	**11,282**	**137,619**	**417,001**	**55,327**	**712,057**

Accounting policy

Summary of goodwill and other intangible assets

Asset	Useful life	Amortisation method	Internally generated or acquired
Goodwill	Indefinite	No amortisation	Acquired
Software	3-5 years	Straight line basis	Internally generated and acquired
Mastheads (newspapers)	Indefinite	No amortisation	Acquired
Radio licenses – Australia	Indefinite	No amortisation	Acquired
Radio licenses – New Zealand	Up to 31 March 2031	Straight line basis	Acquired
Brands	Indefinite	No amortisation	Acquired

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is not amortised but rather is subject to periodic impairment testing as described below.

Software

Costs incurred in developing systems, acquiring software and licenses are capitalised to software. Costs capitalised include materials, services, payroll and payroll related costs of employees involved in development. Amortisation is calculated on a straight line basis over the useful life of the asset.

Mastheads

Mastheads refer to the titles of the newspapers and magazines produced by the Group. They are accounted for as identifiable assets and are brought to account at cost. The Directors believe the mastheads have indefinite lives as there is no foreseeable limit over which the mastheads are expected to generate net cash inflows for the Group. Accordingly, no amortisation has been provided against the carrying amount.

Radio Licences – Australia

Commercial radio licences are accounted for as identifiable assets and are brought to account at cost. The Directors believe the licences have indefinite lives and accordingly, no amortisation has been provided against the carrying amount. The commercial radio licences held by the Group are renewable every five years under the provisions of the Broadcasting Services Act 1992 and the Directors have no reason to believe that the licences will not be renewed from time to time for the maximum period allowable under the Act and without imposition of any conditions.

Radio Licences – New Zealand

Commercial radio licences are accounted for as identifiable assets and are brought to account at cost. The current New Zealand radio licences have been renewed to 31 March 2031 and are being amortised on a straight line basis to that date.

Brands

Brands are accounted for as identifiable assets and are brought to account at cost. The Directors have considered the geographic location, legal, technical and other commercial factors likely to impact the assets' useful lives and consider that they have indefinite lives. Accordingly, no amortisation has been provided against the carrying amount.

Year-end impairment review

Key judgements and estimates

The Group annually tests whether goodwill and other non-amortising intangible assets have suffered any impairment, in accordance with the accounting policy stated below. The recoverable amounts of cash generating units have been determined based on the higher of fair value less costs to sell, or value in use calculations. These calculations require the use of assumptions. Refer below for details of these assumptions and the potential impact of changes to these assumptions.

2.1 INTANGIBLE ASSETS (CONTINUED)

Allocation of goodwill and other non-amortising intangible assets to cash generating units (CGUs)

Name of CGU	2015 Goodwill $'000	2015 Other non-amortising intangibles $'000	2014 Goodwill $'000	2014 Other non-amortising intangibles $'000
NZME Publishing - Metro	514	137,618	-	140,245
NZME Radio	45,977	51,168	46,855	52,144
GrabOne	19,784	4,150	20,162	4,235
Australian Regional Media	-	-	-	48,304
Australian Radio Network	21,499	367,451	11,565	300,151
Outdoor - Hong Kong	3,054	-	2,852	-
Total	90,828	560,387	81,434	545,079

(i) Impairment of CGUs including indefinite life intangible assets

It was determined that there were indicators of impairment of Australian publishing assets as operating performance was below expectations in the fourth quarter of the year and there was a deterioration of the trading outlook. In accordance with AASB 136 *Impairment of Assets*, management performed an impairment review of the respective CGU.

As a result of the review, the carrying amount of mastheads allocated to the Australia Regional Media CGU was reduced to its recoverable amounts through the recognition of an impairment charge of $50.8 million.

(ii) Key assumptions

A comprehensive impairment review was conducted at 31 December 2015. The recoverable amount of each CGU that includes goodwill or indefinite life intangible assets was reviewed. The recoverable amount of each CGU is determined based on value in use calculations, using management budgets and forecasts for a three year period after adjusting for central overheads. Cash flows beyond three years are extrapolated at growth rates not exceeding the long-term average growth rate for the industry in which the CGU operates. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

In calculating value in use, the key assumptions used in each calculation are:

Cashflows

Year 1 cash flows	Based on Board approved annual budget.
Years 2 & 3 cash flows	Revenue forecasts are prepared based on management's current assessment for each CGU, with consideration given to internal information and relevant external industry data and analysis. In general: - Traditional publishing revenues are forecast to decline in line with recent experience and industry trends. - Digital revenues are forecast to grow at rates in line with industry trends and independent forecasts. - Market growth in each Radio CGU is forecast across the cash flow period. Revenue forecasts assume each CGU will secure additional market share or reclaim lost market share through continued investment in content, marketing and operations. - Expenses are forecast on a detailed basis, based on their nature. Variable costs are forecast to move in line with revenue movements. Personnel costs are forecast to move in line with headcount and adjusted for expected inflation. Other costs are forecast based on management expectations, taking into account existing contractual arrangements.

Discount rate and long term growth rate

Name of CGU	2015 Post-tax discount rate per annum	2015 Long-term growth rate per annum	2014 Post-tax discount rate per annum	2014 Long-term growth rate per annum
NZME Publishing – Metro	10.5%	0.0%	10.5%	0.0%
NZME Radio	10.5%	2.0%	10.5%	2.0%
GrabOne	10.5%	0.0%	10.5%	2.5%
Australian Regional Media	10.0%	0.0%	10.0%	0.0%
Australian Radio Network	10.0%	2.0%	10.0%	2.0%
Outdoor – Hong Kong	10.5%	2.5%	10.5%	2.5%

(iii) Impact of a reasonably possible change in key assumptions

Value in use calculations are highly sensitive to changes in certain key assumptions. For the Australian Regional Media CGU, the carrying amount is equal to the value in use and therefore a change in any of the key assumptions could give rise to a further impairment charge.

For NZME Publishing – Metro and GrabOne there is limited headroom such that a change in any of the key assumptions in isolation could potentially result in the CGU's carrying value being in excess of its value in use.

The carrying value of each CGU would equal its value in use if any of the key assumptions, in isolation, changed as follows:

NZME Publishing – Metro	
Discount rate	increase from 10.5% to 11.1%
Long term growth rate	decrease from 0% to -0.7%
Terminal EBITDA forecast	decrease of 4.5%

GrabOne	
Discount rate	increase from 10.5% to 10.7%
Long term growth rate	decrease from 0% to -0.3%
Terminal EBITDA forecast	decrease of 2.3%

Accounting policy

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication that they may be impaired. Assets that are subject to amortisation are tested for impairment whenever changes in circumstances indicate that the asset's carrying amount may exceed its recoverable amount. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
2. OPERATING ASSETS AND LIABILITIES

2.2 PROPERTY, PLANT AND EQUIPMENT

2014 $'000	Freehold land	Buildings	Plant and equipment	Plant and equipment under finance lease	Total
Cost or fair value	3,262	7,355	503,524	–	514,141
Accumulated depreciation and impairment	–	(609)	(386,403)	–	(387,012)
Capital works in progress	–	–	6,441	–	6,441
Net book amount	3,262	6,746	123,562	–	133,570
Movements					
Opening net book amount	5,299	7,770	101,841	34,471	149,381
Additions	–	60	13,301	–	13,361
Disposals	(2,115)	(773)	(304)	–	(3,192)
Depreciation	–	(333)	(22,303)	(1,938)	(24,574)
Impairment	–	–	(3,889)	–	(3,889)
Transfers and other adjustments	–	–	32,533	(32,533)	-
Foreign exchange differences	78	22	2,383	–	2,483
Closing net book amount	3,262	6,746	123,562	–	133,570

2015 $'000	Freehold land	Buildings	Plant and equipment	Plant and equipment under finance lease	Total
Cost or fair value	2,799	5,287	488,355	–	496,441
Accumulated depreciation and impairment	–	–	(372,238)	–	(372,238)
Capital works in progress	–	–	12,574	–	12,574
Net book amount	2,799	5,287	128,691	–	136,777
Movements					
Opening net book amount	3,262	6,746	123,562	–	133,570
Additions	–	29	33,286	–	33,315
Acquisition of controlled entities	–	–	396	–	396
Disposals	(617)	(2,372)	(3,095)	–	(6,084)
Depreciation	–	(369)	(23,567)	–	(23,936)
Impairment	–	–	(792)	–	(792)
Foreign exchange differences	(54)	(48)	(1,099)	–	(1,201)
Revaluations	208	1,301	–	–	1,509
Closing net book amount	2,799	5,287	128,691	–	136,777

Accounting policy

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 50 years; and
- Plant and equipment 3-25 years.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Impairment of assets

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that are subject to depreciation (amortisation) are tested for impairment whenever changes in circumstances indicate that the asset's carrying amount may exceed its recoverable amount. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.3 RECEIVABLES

	2015 $'000	2014 $'000
Current		
Trade receivables	119,112	121,865
Provision for doubtful debts	(2,896)	(2,863)
	116,216	119,002
Loans to associates	240	490
Other receivables	10,764	10,002
Total current receivables	127,220	129,494
Movements in the provision for doubtful debts are as follows:		
Balance at beginning of the year	2,863	2,836
Provision of doubtful debts expenses	1,521	1,353
Receivables written off	(1,488)	(1,326)
Provision for doubtful debts	2,896	2,863

2.3 RECEIVABLES (CONTINUED)

Refer below for an analysis of the ageing of the Group's trade receivables net of provision for doubtful debts:

		Past due				
	Current $'000	Less than one month $'000	One to three months $'000	Three to six months $'000	Over six months $'000	Total $'000
2014						
Trade receivables	88,840	23,534	5,861	1,930	1,700	121,865
Provision for doubtful debts	(361)	(453)	(757)	(737)	(555)	(2,863)
	88,479	23,081	5,104	1,193	1,145	119,002
2015						
Trade receivables	76,890	29,589	7,837	2,161	2,635	119,112
Provision for doubtful debts	(300)	(455)	(501)	(908)	(732)	(2,896)
	76,590	29,134	7,336	1,253	1,903	116,216

As at 31 December 2015, trade receivables of $24,227,000 (2014: $27,669,000) were past due but not impaired.

Based on the credit history of the trade receivables, it is expected that these amounts will be received. All other receivables are not past due and not considered impaired.

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each receivable. The Group does not hold any collateral as security. Refer to note 3.3 for credit risk and note 3.4 for fair value information.

Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts. Trade receivables are generally settled within 30 to 45 days.

A provision for doubtful debts is recognised when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivable. The amount of loss is recognised in the income statement within other expenses. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income in the income statement.

2.4 PROVISIONS

	2015 $'000	2014 $'000
Current		
Employee benefits	17,835	17,192
Onerous contracts	7,433	1,146
Restructuring	113	1,978
Contingent consideration	250	750
Other	–	268
Total current provisions	25,631	21,334
Non-current		
Employee benefits	1,837	1,828
Onerous contracts	3,977	1,816
Other	621	736
Total non-current provisions	6,435	4,380

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Onerous contracts $'000	Restructuring $'000	Contingent consideration $'000	Other $'000	Total $'000
2015					
Carrying amount at beginning of the year	2,962	1,978	750	1,004	6,694
Charged to profit or loss					
Additional amounts recognised	14,219	–	–	186	14,405
Amounts used	(6,060)	(1,864)	(500)	(569)	(8,993)
Foreign exchange differences	289	(1)	–	–	288
Carrying amount at end of the year	11,410	113	250	621	12,394

The onerous contracts provision relates primarily to a provision for the onerous elements of the Buzplay bus advertising contract in Hong Kong and onerous rental contracts related to closure of certain commercial printing operations.

The restructuring provision includes expected redundancy costs related to formally announced restructuring plans.

The contingent consideration provision comprises the fair value of amounts payable on business combinations should certain pre-determined thresholds be met by the acquired businesses.

Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and long service leave, in respect of employees' services up to the reporting date expected to be settled wholly within 12 months from the reporting date are recognised in current provisions and are measured at the amounts expected to be paid when settled.

Liabilities for annual leave and long service leave expected to be settled more than 12 months from the reporting date are recognised in non-current provisions and are measured as the present value of expected future payments to be made. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bond rates with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Onerous contracts

Provision for onerous contracts represents contracts where the expected economic benefit is lower than the cost for which the Group is currently committed under the terms of the contract. The minimal net obligation under the contract is provided for. The provision is calculated as the net of the estimated revenue and the estimate of the committed cost discounted to present value.

Restructuring

Provision for restructuring is recognised when the Group has developed a detailed plan for the restructuring and has raised a valid expectation in those affected by the restructuring that the restructuring will occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.1 INTEREST BEARING LIABILITIES

	2015 $'000	2014 $'000
Current interest bearing liabilities		
Loan payable	1,177	1,643
Total current interest bearing liabilities	1,177	1,643
Non current interest bearing liabilities		
Bank loans – secured	476,054	493,924
Loan payable	–	1,200
	476,054	495,124
Deduct:		
Borrowing costs	10,267	8,352
Accumulated amortisation	(4,449)	(894)
Net borrowing costs	5,818	7,458
Total non-current interest bearing liabilities	470,236	487,666
Net debt		
Current interest bearing liabilities	1,177	1,643
Non-current interest bearing liabilities	470,236	487,666
Net borrowing costs	5,818	7,458
Cash and cash equivalents	(21,721)	(38,980)
Net debt	455,510	457,787

Bank loans – secured

The Group extended its debt facilities with a syndicate of domestic and international banks in July 2015. The facility now matures in July 2019. The interest rate for the drawn facility is the applicable bank screen rate plus credit margin.

The Group has available an A$645,000,000 and HK$50,000,000 revolving cash advance facility of which A$25,000,000 and HK$50,000,000 are available for letters of credit. At 31 December 2015, the Group has used $482,851,000 of the facility (2014: $497,647,000).

(a) Risk exposures

The exposures of borrowings to interest rate changes and the contractual repricing at the balance dates are as follows:

	Six months or less $'000	Six to 12 months $'000	One to five years $'000	Greater than five years $'000	Total $'000
2014	493,924	1,643	1,200	–	496,767
2015	376,054	1,177	100,000	–	477,231

The carrying amounts of borrowings are denominated in the following currencies:

	2015 $'000	2014 $'000
Australian dollars	301,000	284,000
New Zealand dollars	173,931	212,767
Hong Kong dollars	2,300	–
Interest bearing liabilities	477,231	496,767

For an analysis of the sensitivity of borrowings to interest rate risk, refer note 3.3.

(b) Capital risk management

The Group is focused on safeguarding its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain an optimal capital structure, the Group may:

- adjust the amount of dividends paid to shareholders;
- return capital to shareholders;
- issue new shares; or
- sell assets to reduce debt.

(c) Standby arrangements and credit facilities

Entities in the Group have access to:	2015 $'000	2014 $'000
Loan facilities		
Secured bank loan facilities	653,850	630,000
Amount of facility utilised	(482,851)	(497,647)
Amount of available facility	170,999	132,353
Overdraft facilities		
Secured bank overdraft facilities	2,000	2,000
Unsecured bank overdraft facilities	5,745	5,178
Amount of credit utilised	–	–
Amount of available credit	7,745	7,178

Accounting policy

Interest bearing liabilities are initially recognised at fair value less attributable transaction costs and subsequently measured at amortised cost. Any difference between cost and redemption value is recognised in the income statement over the period of the borrowing on an effective interest basis.

Costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing. These costs are netted off against the carrying value of borrowings in the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.2 CASH FLOW INFORMATION

Reconciliation of cash

	2015 $'000	2014 $'000
Cash at end of the year, as shown in the statement of cash flows, comprises:		
Cash at bank, and on hand	21,721	38,980
The below reconciliation relates to both continued and discontinued operations.		
Reconciliation of profit/(loss) for the year to net cash inflows from operating activities:		
Profit/(loss) for the year	(4,384)	19,125
Depreciation and amortisation expense	35,307	33,415
Borrowing cost amortisation	3,554	2,835
Share of profits of associates	(11,899)	(11,263)
Foreign exchange gains	–	(2,161)
Other non-cash items	(68)	(517)
Amounts credited to provisions against assets (other non-cash items)	–	(35)
NZ Bond redemption fee classified as borrowing cost	–	1,840
Share-based payments expense	990	1,295
Net gain on sale of non-current assets	(579)	(6,428)
Fair value gains on financial assets	(6,568)	(4,097)
Impairment expense	50,804	49,678
Asset write downs and business closures	6,354	1,786
Changes in assets and liabilities net of effect of acquisitions:		
Trade and other receivables	14,051	(4,698)
Inventories	1,316	153
Prepayments	135	2,139
Change in current payable/deferred tax	16,887	(2,894)
Trade and other payables and employee benefits	13,213	(7,888)
Net cash inflows from operating activities	119,113	72,285

Accounting policy

For the purposes of presentation on the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, net of bank overdrafts.

3.3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk and ageing analysis for credit risk.

Risk management is carried out by the Group Treasury function under policies approved by the Board of Directors. The policies provide principles for overall risk management, as well as covering specific areas, such as interest rate risk, foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Cash flow and fair value interest rate risk

Long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk. Long-term borrowings issued at fixed interest rates expose the Group to fair value interest rate risk. Group policy is to maintain a mix of fixed and variable rate borrowings using interest rate swap arrangements where necessary.

Based on the outstanding net floating debt and interest rate swaps as at 31 December 2015, a change in interest rates of +/-1% per annum with all other variables being constant would impact post-tax profit by $2.5 million lower/higher (2014: $3.3 million lower/higher). The parent entity has no significant exposure to a change in interest rates.

(ii) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. Individual transactions are assessed and forward exchange contracts are used to hedge the risk where deemed appropriate.

While the Group as a whole has assets and liabilities in multiple currencies, individual entities in the Group do not have a significant foreign exchange exposure to receivables or payables in currencies that are not their functional currency.

(iii) Price risk

The Group is not exposed to significant price risk.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the creditworthiness is assessed prior to entering into arrangements and approved by the Board.

For other customers, the maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each receivable. Risk control involves the assessment of the credit quality, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

Credit risk further arises in relation to financial guarantees given to certain parties (refer note 5.6 for details).

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises on derivative financial instruments with unrealised gains. At reporting date, no amount was receivable (Australian dollar equivalents) for the Group from forward exchange contracts (2014: $nil). The Group undertakes all of its transactions in foreign exchange contracts with financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The tables below analyse the Group's financial liabilities, including interest to maturity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. For interest rate swaps, the cash flows have been estimated using current interest rates applicable at the reporting date.

2014	Less than one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Non-derivative financial liabilities				
Trade and other payables	107,450	6,000	–	–
Bank loans (including interest to maturity)	29,314	28,689	523,769	–
Other loans	404	–	–	–
Total non-derivatives	137,168	34,689	523,769	–
Less: interest	(27,671)	(27,490)	(29,844)	–
Total financial liabilities	109,497	7,199	493,925	–

2015	Less than one year $'000	Between one and two years $'000	Between two and five years $'000	Over five years $'000
Non-derivative financial liabilities				
Trade and other payables(i)	96,485	4,000	–	–
Bank loans (including interest to maturity)	24,226	23,000	510,585	–
Other loans	270	–	–	–
Total non-derivatives	120,981	27,000	510,585	–
Derivative financial liabilities				
Net settled interest rate swaps	12	16	28	–
Total derivatives	12	16	28	–
Less: interest	(23,061)	(23,016)	(34,559)	–
Total financial liabilities	97,932	4,000	476,054	–

(i) The carrying amount of trade and other payables excludes $19,106,000 of current and $15,888,000 of non-current amounts as they do not meet the definition of a financial liability under Australian Accounting Standards.

Details of credit standby arrangements and loan facilities are included in note 3.1.

3.4 FAIR VALUE MEASUREMENTS

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- financial assets at fair value through profit or loss;
- derivative financial instruments;
- available-for-sale financial assets;
- land and buildings; and
- investment properties

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Recognised fair value measurements

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2015:

2014	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
Shares in other corporations	5.4	–	–	26,352	**26,352**
Total financial assets		–	–	26,352	**26,352**
Non-financial assets					
Freehold land and buildings					
Freehold land	2.2	–	–	3,262	**3,262**
Buildings	2.2	–	–	6,746	**6,746**
Total non-financial assets		–	–	10,008	**10,008**

2015	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
Shares in other corporations	5.4	–	–	32,077	**32,077**
Total financial assets		–	–	32,077	**32,077**
Non-financial assets					
Freehold land and buildings					
Freehold land	2.2	–	–	2,799	**2,799**
Buildings	2.2	–	–	5,287	**5,287**
Total non-financial assets		–	–	8,086	**8,086**
Recurring fair value measurements					
Financial liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liabilities		–	280	–	280
Total financial liabilities		–	280	–	280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.4 FAIR VALUE MEASUREMENTS (CONTINUED)

The Group also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. There are no outstanding non-current receivables as at 31 December 2015 (level 3).

The level 3 inputs used by the Group are derived and evaluated as follows:

The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments. For the period ended 31 December 2015, the borrowing rates were determined to be between 2.6% and 6.1% per annum, depending on the type of borrowing. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant (level 2).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for shares in other corporations disclosed in note 5.4, which are valued using discount rates, forecast cash flows, EBITDA multiples estimated by management based on comparable transactions and industry data.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Group obtains independent valuations at least every three years for its freehold land and buildings (classified as property, plant and equipment in note 2.2), less subsequent depreciation for buildings. This is considered sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. All resulting fair value estimates for properties are included in level 3.

During the year, a fair value gain of $6.6 million was recorded in other income for shares in other corporations. Further, freehold land and buildings were adjusted to reflect independent valuations carried out in the year (refer to note 2.2). There were no other material level 3 fair value movements during the year.

3.5 CONTRIBUTED EQUITY

	2015 $'000	2014 $'000
Issued and paid up share capital	1,222,780	1,222,780

(a) Movements in contributed equity during the financial year

	2015 number	2014 number	2015 $'000	2014 $'000
Balance at beginning of the year	1,029,041,356	661,526,586	1,222,780	1,093,372
Issue of ordinary shares – Non-Renounceable Entitlement Offer	–	367,514,770	–	132,305
Share issue costs	–	–	–	(2,897)
Balance at end of the year	1,029,041,356	1,029,041,356	1,222,780	1,222,780

Non-Renounceable Pro-Rata Entitlement Offer

In 2014, the Company issued 367,514,770 shares via a fully underwritten accelerated Non-Renounceable Pro-Rata Entitlement Offer to all shareholders. Net proceeds from this Offer, after issuance costs (gross of related income tax benefit), were $128.2 million which was used to fund in part the acquisition of full ownership of Australian Radio Network Pty Limited and The Radio Network Limited from Clear Channel Communications Inc.

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, representative or attorney is entitled to one vote, and upon a poll each share is entitled to one vote.

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.6 SHARE BASED PAYMENTS

	2015		2014	
	Average price per right	Number of rights	Average price per right	Number of rights
As at 1 January	$0.69	5,653,785	–	–
Granted	$0.55	2,818,099	$0.69	5,653,785
Forfeited (i)	$0.69	(2,817,563)	–	–
As at 31 December	$0.62	5,654,321	$0.69	5,653,785

Share rights outstanding at the end of the year have the following expiry date and fair value at grant date:

Grant date	Vesting date	Value of right at grant date	Performance rights 2015	Performance rights 2014
10 Apr 14	31 Dec 16	$0.69	5,066,795	5,066,795
20 Oct 14	31 Dec 16	$0.76	586,990	586,990
22 Jun 15	31 Dec 16	$0.80	352,195	–
20 Aug 15	31 Dec 17	$0.51	2,465,904	–
Forfeited (i)	30 Sep 15	$0.69	(2,817,563)	–
As at 31 December			5,654,321	5,653,785

(i) Michael Miller held 2,817,563 performance rights issued under the Long Term Incentive (LTI) plan. The rights lapsed on Mr Miller's resignation on 30 September 2015.

	2015	2014
Weighted average remaining contractual life of rights outstanding at end of period	1.6 years	2.1 years

Details of the performance rights granted to Key Management Personnel will be set out in the Remuneration Report as part of the Group's Annual Report.

The LTI plan provides for the grant of equity awards in the form of performance rights which may be converted into Company shares at a future date if certain performance targets are met/exceeded, for Executives and other senior employees.

Accounting policy

Share-based compensation benefits are provided to employees via share-based payments or a LTI plan.

The fair value of rights granted under the LTI plan is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the rights.

The fair value at grant date is independently determined using a combination of the Binomial option pricing model and the Monte-Carlo option pricing model which take into account the exercise price, the term of the right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right.

The fair value of the rights granted is adjusted to reflect the market vesting condition, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of rights that are expected to become exercisable.

The employee benefits expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, is recognised in profit or loss with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.7 RESERVES AND ACCUMULATED LOSSES

	2015 $'000	2014 $'000
(a) Reserves		
Asset revaluation reserve	6,758	6,203
Foreign currency translation reserve	(66,108)	(66,430)
Capital profits reserve	104	104
Share-based payments reserve	7,466	6,476
Hedging reserve	(196)	–
Transactions with non-controlling interests reserve	(85,126)	(85,230)
Total reserves	(137,102)	(138,877)
Asset revaluation reserve		
Balance at beginning of the year	6,203	7,194
Revaluation of freehold land and buildings	988	–
Transfer to foreign currency translation reserve	122	54
Transfers to accumulated losses	(555)	(1,045)
Balance at end of the year	6,758	6,203
Foreign currency translation reserve		
Balance at beginning of the year	(66,430)	(62,019)
Foreign exchange transfers from other reserves and accumulated losses	(226)	(1,927)
Share of joint venture's foreign exchange reserve	–	(1,520)
Share of associate's foreign exchange reserve	(1,023)	361
Net exchange difference on translation of foreign operations	1,571	(1,325)
Balance at end of the year	(66,108)	(66,430)
Share based payments reserve		
Balance at beginning of the year	6,476	5,181
Share based payments expense	990	1,295
Balance at end of the year	7,466	6,476
Hedging reserve		
Balance at beginning of the year	–	(417)
Net loss on hedge contracts	(196)	–
Share of joint venture's hedging reserves	–	417
Balance at end of the year	(196)	–
Transactions with non-controlling interests reserve		
Balance at beginning of the year	(85,230)	(20,546)
Increase in purchase consideration for controlled business	–	(64,469)
Transfer to foreign currency translation reserve	104	(215)
Balance at end of the year	(85,126)	(85,230)

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 2.2. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law. In the event of the sale of an asset, the revaluation surplus is transferred to retained earnings. During the year, two properties were sold in Australia at Rockhampton and Coffs Harbour, and one in New Zealand at Invercargill. Accordingly $555,000 of revaluation surplus net of tax was transferred to retained earnings.

Foreign currency translation reserve

Exchange differences arising on translation of any foreign controlled entities are recognised in other comprehensive income and the foreign currency translation reserve, as described in note 6.5.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of performance rights issued but not yet vested as described in note 3.6.

Hedging reserve

The hedging reserve is used to record unrealised gains or losses on cash flow hedging instruments that are recognised in other comprehensive income as described in note 6.5.

Transactions with non-controlling interests reserve

This reserve is used to record the differences described in note 5.3 which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

(b) Accumulated losses

	2015 $'000	2014 $'000
Balance at beginning of the year	(650,117)	(664,299)
Profit/(loss) attributable to owners of the parent entity	(10,202)	11,489
Transfer from reserves	555	3,133
Remeasurements on retirement benefit obligations	431	(440)
Balance at end of the year	(659,333)	(650,117)

During the year, the Group aligned the accounting treatment of fixed price increases for operating leases in each business. As a result, at 1 January 2014, trade and other payables increased by $4,858,000, accumulated losses increased by $3,421,000 and deferred tax assets increased by $1,437,000. The income statements for 2014 and 2015 were not adjusted as the amounts are insignificant.

3.8 DIVIDENDS

	2015 $'000	2014 $'000
No final dividend for the year ended 31 December 2014 (2013: nil)	–	–
No interim dividend for the year ended 31 December 2015 (2014: nil)	–	–
Total dividends	–	–
Franking credits available for subsequent financial years at the 30% corporate tax rate after allowing for tax payable in respect of the current year's profit and tax refunds due	35,827	27,577

The Directors have determined that no final dividend will be payable for the year ended 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
3. CAPITAL MANAGEMENT

3.9 COMMITMENTS

Lease commitments

Commitments for minimum lease payments in relation to operating leases and rental commitments contracted for at the reporting date but not recognised as liabilities, payable:

	2015 $'000	2014 $'000
Not later than one year	46,683	45,667
Later than one year but not later than five years	88,946	75,039
Later than five years	97,455	34,033
Commitments not recognised in the financial statements	233,084	154,739
Representing:		
Cancellable operating leases and rental commitments	2,451	31,585
Non-cancellable operating leases and rental commitments	230,633	123,154
Commitments not recognised in the financial statements	233,084	154,739

Capital commitments

	2015 $'000	2014 $'000
Capital expenditure contracted for at balance date but not recognised as liabilities:		
Not later than one year	707	1,757
Total capital commitments	707	1,757

Accounting policy

Finance leases are leases of property, plant and equipment where the Group, as lessee, has substantially all the risk and rewards of ownership. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. A corresponding liability is also established and each lease payment is allocated between the liability and finance charges. The interest element is charged to the income statement over the period of the lease. Leased assets are amortised on a straight line basis over the term of the lease, or where it is likely that the Group will obtain ownership of the asset, the life of the asset. Leased assets held at balance date are amortised over the shorter of the estimated useful life or the lease term.

Operating leases are other leases under which all the risks and benefits of ownership are effectively retained by the lessor. Operating lease payments, excluding contingent payments, are charged to the income statement on a straight line basis over the period of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
4. TAXATION

4.1 INCOME TAX AND DEFERRED TAX

(a) Income tax

	2015 $'000	2014 $'000
Current tax expense/(credit)	10,419	(1,064)
Deferred tax expense	9,799	10,999
Adjustment for current tax of prior periods	(422)	(706)
Income tax expense	19,796	9,229
Income tax is attributable to:		
Profit from continuing operations	19,796	6,430
Profit from discontinued operations	–	2,799
Total income tax expense	19,796	9,229
Income tax expense differs from the prima facie tax as follows:		
Profit before income tax expense	15,412	28,355
Prima facie income tax at 30%	4,624	8,506
Difference in international tax treatments and rates	(5,178)	(16,300)
Non-deductible impairment charge	15,241	15,010
Non-deductible interest	3,000	1,350
(Carried forward losses booked)/non-deductible losses	(20)	13
Tax losses written off/not recognised	4,188	6,036
Foreign exchange gains	(17)	(2,964)
Adjustment for current tax of prior periods	(422)	(706)
Other	(1,620)	(1,716)
Income tax expense	19,796	9,229

The Company is involved in a dispute with the New Zealand Inland Revenue Department (IRD) regarding certain financing transactions. The dispute involves tax of NZ$64 million for the period up to 31 December 2014. The IRD is seeking to impose penalties of between 10% and 50% of the tax in dispute in addition to the tax claimed. The Company has tax losses available to offset any amount of tax payable to the extent of NZ$48 million.

On 22 February 2013, the Adjudication Unit of the IRD advised that it agrees with the position taken by the IRD. Accordingly, the Company was issued with Notices of Assessment denying deductions in relation to interest claimed on certain financing transactions. In response to this step, the Company has commenced litigation in the High Court of New Zealand to defend its position in relation to this matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
4. TAXATION

4.1 INCOME TAX AND DEFERRED TAX (CONTINUED)

(b) Deferred tax assets and liabilities

2014	Balance 1 Jan 14 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 31 Dec 14 $'000
Tax losses	69,725	1,267	1,852	**72,844**
Employee benefits	5,440	(432)	–	**5,008**
Doubtful debts	752	8	–	**760**
Accruals/restructuring	3,994	1,828	–	**5,822**
Intangible assets	(24,456)	(123)	(12,484)	**(37,063)**
Depreciation	(4,925)	531	(1,739)	**(6,133)**
Other	(11,190)	(14,078)	1,242	**(24,026)**
	39,340	(10,999)	(11,129)	**17,212**

2015	Balance 1 Jan 15 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 31 Dec 15 $'000
Tax losses	72,844	(9,789)	(1,166)	**61,889**
Employee benefits	5,008	187	–	**5,195**
Doubtful debts	760	65	–	**825**
Accruals/restructuring	5,822	(2,763)	–	**3,059**
Intangible assets	(37,063)	(422)	271	**(37,214)**
Depreciation	(6,133)	1,606	620	**(3,907)**
Other	(24,026)	1,317	–	**(22,709)**
	17,212	(9,799)	(275)	**7,138**

Group deferred income tax assets and liabilities are presented net in the analysis above.

Key judgements and estimates

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Judgement is required in relation to the recognition of carried forward tax losses as deferred tax assets. The Group assesses whether there will be sufficient future taxable profits to utilise the losses based on a range of factors, including forecast earnings and whether the unused tax losses resulted from identified causes which are unlikely to recur. The Group expects that future taxable profits will increase due to a reduction in the difference in international tax treatments and rates in 2015 following the expiry of certain financial transactions.

Accounting policy

The income tax expense for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and also adjusted for unused tax losses utilised in the year.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those enacted tax rates applicable to each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Temporary differences in relation to indefinite life intangible assets are determined with reference to their respective capital gains tax bases in respect of assets for which capital gains tax will apply.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income are also recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.1 BUSINESS COMBINATIONS

Material acquisitions

The Group gained control over the following entity during the year:

Entity or business acquired	Principal activity	Date of acquisition	Ownership interest
Radio 96FM Perth Pty Limited	Radio broadcaster	30 Jan 15	100%

	Radio 96FM Perth Pty Limited 2015 $'000
Purchase consideration:	
Cash paid	76,104
Total purchase consideration	**76,104**
The assets and liabilities recognised as a result of the acquisition:	
Receivables	75
Prepayments	27
Property, plant and equipment	396
Intangible assets	67,305
Other assets	45
Payables	(414)
Provisions	(774)
Value of net identifiable assets	66,660
Add: goodwill	9,444
Net assets acquired	**76,104**

Radio 96FM Perth Pty Limited

On 30 January 2015, the Company acquired 100% of Radio 96FM Perth Pty Limited. The purchase consideration was the purchase price of $78,000,000 less working capital adjustments.

Goodwill recognised represents the ability to offer national advertising campaigns and realise synergies expected to arise after the acquisition. This goodwill will not be tax deductible. Acquisition related costs of $1,304,000 are included in the income statement.

The acquired business contributed revenue of $18,718,000 and a net profit after tax of $4,226,000 to the Group for the period to 31 December 2015.

If the acquisition had occurred on 1 January 2015, consolidated revenue and profit for the year ended 31 December 2015 would have been $19,989,000 and $4,535,000 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to the property, plant and equipment and intangible assets had applied from 1 January 2015.

Accounting policy

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value through profit or loss. Acquisition related costs are expensed as incurred.

The identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Non-controlling interests in an acquiree are recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the Group's share of the net identifiable assets acquired is recorded as goodwill.

5.2 CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following entities in accordance with the accounting policy described in this note.

Name of entity	Country of incorporation/ establishment	Equity holding 2015 %	Equity holding 2014 %
Actraint No. 116 Pty Limited [1]	Australia	100	100
Adhoc Pty Ltd	Australia	75	75
Adhub Limited	New Zealand	100	100
Airplay Media Services Pty Limited [1]	Australia	100	100
APN AP National Sales Pty Ltd [1]	Australia	100	100
APN Braeside Pty Ltd	Australia	100	100
APN Broadcasting Investments Pty Limited [1]	Australia	100	100
APN Broadcasting (Regionals) Pty. [1,2]	Australia	100	100
APN Business Magazines Pty Ltd [1]	Australia	100	100
APN Digital Pty Ltd [1]	Australia	100	100
APN Digital NZ Limited	New Zealand	100	100
APN Educational Media Pty Limited [1]	Australia	100	100
APN Finance Pty Limited [1,2]	Australia	100	100
APN Holdings NZ Limited	New Zealand	100	100
APN Media (NZ) Limited [4]	New Zealand	–	100
APN Milperra Pty Ltd	Australia	100	100
APN Newspapers Pty Ltd [1,2]	Australia	100	100
APN NZ Investments Limited	New Zealand	100	100
APN Online (Australia) Pty Limited [1]	Australia	100	100
APN Online (New Zealand) Limited	New Zealand	100	100
APN Print NZ Limited	New Zealand	100	100
APN Printing Services Pty Ltd [1,2]	Australia	100	100
APN Specialist Publications NZ Limited	New Zealand	100	100
ARM Events Pty Ltd [1]	Australia	100	100
ARM Specialist Media Pty Ltd [1]	Australia	100	100
ARN Adelaide Pty Ltd [1]	Australia	100	100
ARN Brisbane Pty Ltd [1,2]	Australia	100	100
ARN Broadcasting Pty Ltd [1]	Australia	100	100
ARN Communications Pty Ltd [1,2]	Australia	100	100
ARN Limited Partnership	Australia	100	100
ARN New Zealand Pty Limited [1,2]	Australia	100	100
ARN NZ Investments Limited	New Zealand	100	100
ARN Overseas Pty Limited [1,2]	Australia	100	100
ARN Perth Pty Ltd [1]	Australia	100	100
ARN South Australia Pty Ltd [1]	Australia	100	100
ARN Superannuation Pty Ltd	Australia	100	100
ARNSAT Pty Limited [1]	Australia	100	100
Asia Posters Sdn Bhd	Malaysia	100	100
Australian Provincial Newspapers International Pty Limited [1,2]	Australia	100	100
Australian Provincial Newspapers Ltd [1,2]	Australia	100	100
Australian Radio Network Pty Limited [1,2]	Australia	100	100
Australian Radio Network Sales Pty Ltd [1]	Australia	100	100
Biffin Pty. Limited [1,2]	Australia	100	100
Blue Mountains Broadcasters Pty Limited [1]	Australia	100	100
Border Newspapers Pty Ltd [1]	Australia	100	100
Brisbane FM Radio Pty Ltd [3]	Australia	50	50
The Bundaberg Newspaper Company Pty Limited [1]	Australia	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.2 CONTROLLED ENTITIES (CONTINUED)

Name of entity	Country of incorporation/ establishment	Equity holding 2015 %	Equity holding 2014 %
Buspak Advertising (China) Limited	Hong Kong	100	100
Buspak Advertising (Hong Kong) Limited	Hong Kong	100	100
Byron Shire News Pty Ltd [1]	Australia	100	100
Capital City Broadcasters Pty Limited [1]	Australia	100	100
Capricornia Newspapers Pty Ltd [1]	Australia	100	100
Cardcorp (Manufacturing) Pty Limited	Australia	100	100
Catalogue Central Pty Limited [1]	Australia	100	100
Central Coast Broadcasting Pty.	Australia	100	100
Central Queensland News Publishing Company Pty Ltd [1]	Australia	100	100
Central Telegraph Pty Ltd [1]	Australia	100	100
Chinchilla Newspapers Pty Ltd [1]	Australia	100	100
Cody Outdoor International (HK) Limited	Hong Kong	100	100
Coffs Coast RE Marketing Pty Ltd	Australia	70	70
Commonwealth Broadcasting Corporation Pty Ltd [1,2]	Australia	100	100
Covette Investments Pty Limited [1,2]	Australia	100	100
The Daily Examiner Pty Ltd [1]	Australia	100	100
Dalby Herald Pty Ltd [1]	Australia	100	100
Double T Radio Pty Ltd [1,2]	Australia	100	100
Emotive Pty Limited	Australia	51	–
Esky Limited	New Zealand	100	100
Evitome Pty Limited [1]	Australia	100	–
5AD Broadcasting Company Pty Ltd [1]	Australia	100	100
Gatton Star Pty Ltd [1]	Australia	100	100
Gergdaam Capital Pty Limited [1,2]	Australia	100	100
Gladstone Newspaper Company Pty Ltd [1]	Australia	100	100
Grab One Australia Pty Limited	Australia	100	100
GrabOne Investments Limited	UK	100	100
GrabOne Limited	New Zealand	100	100
Gulgong Pty Limited [1,2]	Australia	100	100
Gympie Times Pty Ltd [1]	Australia	100	100
Haswell Pty Limited [1,2]	Australia	100	100
The Hive Online Limited	New Zealand	100	100
Idea HQ Limited	New Zealand	100	100
Inc Network Australia Pty Ltd [1]	Australia	100	100
The Internet Amusements Group Pty Limited [1]	Australia	100	100
KAFM Broadcasters Proprietary Limited [1]	Australia	100	100
Kelly Publications Pty Ltd [1]	Australia	100	100
Level 3 Investments Pty Ltd [1]	Australia	100	100
The Level 3 Partnership	Australia	100	100
Level 4 Investments Pty Limited [1]	Australia	100	100
The Level 4 Partnership	Australia	100	100
Longbeach Publications Pty Ltd [1]	Australia	100	100
Longbeach Publications Unit Trust	Australia	100	100
Lunchbox Investments Pty Ltd	Australia	100	100
The Mackay Printing and Publishing Company Pty Limited [1]	Australia	100	100
The Maryborough Hervey Bay Newspaper Company Pty Ltd [1]	Australia	100	100
Media Tek Pty Limited [1,2]	Australia	100	100
Mt Maunganui Publishing Co Limited	New Zealand	100	100
Nathco Holdings Pty Ltd [1,2]	Australia	100	100

Name of entity	Country of incorporation/ establishment	Equity holding 2015 %	Equity holding 2014 %
New Zealand Radio Network Limited	New Zealand	100	100
North Coast News Pty Ltd [1]	Australia	100	100
Northern Star Ltd [1]	Australia	100	100
NZME. Educational Media Limited	New Zealand	100	100
NZME. Finance Limited	New Zealand	100	100
NZME. Limited	New Zealand	100	100
NZME. Publishing Limited	New Zealand	100	100
NZME. Radio Limited	New Zealand	100	100
NZME. Trading Limited	New Zealand	100	100
Observer Times (Hervey Bay) Pty Ltd [1]	Australia	100	100
Provincial Investments Pty Ltd [1]	Australia	100	100
The Queensland Times Pty Limited [1]	Australia	100	100
Radio 96FM Perth Pty Limited [1]	Australia	100	–
The Radio Bureau Limited	New Zealand	100	100
RadioWise Pty Ltd	Australia	100	100
Regional Publishers Limited	New Zealand	100	100
Regmax Pty Limited [1]	Australia	100	100
Sabawin Pty Limited [1]	Australia	100	100
Sell Me Free Limited	New Zealand	100	100
Sella Limited	New Zealand	100	100
The South Burnett Times Pty Ltd [1]	Australia	100	100
Southern State Broadcasters Pty Limited [1]	Australia	100	100
Speedlink Services Pty Ltd [1]	Australia	100	100
Stanley Newcomb & Co Limited	New Zealand	100	100
Stanthorpe Newspapers Services Unit Trust	Australia	100	100
SunCoastal FM Radio Pty Ltd	Australia	100	100
Sunshine Coast Newspaper Company Pty Ltd [1, 2]	Australia	100	100
Tibbar Broadcasting Pty Limited [1]	Australia	100	100
Toowoomba Newspapers Ltd [1, 2]	Australia	100	100
Trade Debts Collecting Co Limited	New Zealand	100	100
The Tweed Newspaper Co Pty Ltd [1]	Australia	100	100
Universal Radio Pty Ltd [1]	Australia	100	100
The Warwick Newspaper Pty Limited [1]	Australia	100	100
Wesgo [1, 2]	Australia	100	100
West Sydney Radio Pty Ltd	Australia	100	100
Westat Research Pty Ltd	Australia	100	100
Western Star Pty Ltd [1]	Australia	100	100
Whitsunday Times Unit Trust	Australia	75	75
Wilson & Horton Australia Pty Ltd	Australia	100	100
Wilson & Horton Finance Pty Ltd [1, 2]	Australia	100	100
Wilson & Horton Limited	New Zealand	100	100
W&H Interactive Limited	New Zealand	100	100

1 These companies are parties to a deed of cross guarantee dated 5 December 2006 under which each company guarantees the debts of the others (Deed of Cross Guarantee). These companies represent a Closed Group for the purposes of Australian Securities and Investments Commission (ASIC) Class Order 98/1418 *Wholly owned entities* and there are no other members of the Extended Closed Group.

2 These wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Class Order 98/1418 *Wholly owned entities* (as amended) issued by ASIC.

3 Australian Radio Network Pty Limited has a 50% controlling interest in Brisbane FM Radio Pty Ltd.

4 This company was amalgamated with Mt Maunganui Publishing Co Limited to become Mt Maunganui Publishing Co Limited under New Zealand's Companies Act 1993 on 26 May 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.3 INTERESTS IN OTHER ENTITIES

(a) Material subsidiaries with non-controlling interests

Set out below are the Group's principal subsidiaries with material non-controlling interests. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportion of ownership interests held equals to the voting rights held by the Group.

Name of entity	Place of business	Country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
			2015	2014	2015	2014	
Brisbane FM Radio Pty Ltd	Australia	Australia	50%	50%	50%	50%	Commercial radio

(b) Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Brisbane FM Radio Pty Ltd	
	2015 $'000	2014 $'000
Summarised balance sheet		
Current assets	6,675	6,559
Current liabilities	5,557	5,471
Current net assets	1,118	1,088
Non-current assets	67,647	67,694
Non-current liabilities	61	131
Non-current net assets	67,586	67,563
Net assets	68,704	68,651
Accumulated non-controlling interests	37,842	37,966
Summarised statement of comprehensive income		
Revenue	32,090	29,313
Profit for the period	11,552	10,234
Other comprehensive income	–	–
Total comprehensive income	11,552	10,234
Total comprehensive income allocated to non-controlling interests	5,776	4,831
Dividends paid to non-controlling interests	5,750	4,600
Summarised cash flows		
Net cash flows from operating activities	12,307	10,421
Net cash flows from investing activities	25	18
Net cash flows from financing activities	(12,041)	(9,945)
Net increase in cash and cash equivalents	291	494

(c) Transactions with non-controlling interests

In February 2014, the Group acquired the 50% of Australian Radio Network (ARN) and The Radio Network (TRN) that it did not already own. This transaction was treated as a transaction with a non-controlling interest as the Group previously controlled and consolidated ARN and TRN. The purchase cash consideration was $246,721,000, which was the initial purchase price less seller receivable of $61,889,000. The carrying amount of the non-controlling interests in ARN on the date of the transaction was $208,893,000. The Group recognised a decrease in non-controlling interests of $208,893,000, and a decrease in equity attributable to owners of the parent entity of $54,164,000.

In July 2014, the Group acquired full ownership of Buspak Advertising (Hong Kong) Limited (Buspak) through the acquisition of the remaining 50% share from joint venture partner Clear Channel Hong Kong Limited for purchase consideration of $14,000,000. The carrying amount of the non-controlling interests in Buspak on the date of the transaction was $6,804,000. The Group recognised a decrease in non-controlling interests of $6,804,000 and a decrease in equity attributable to owners of the parent entity of $10,305,000.

The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2014 $'000
Carrying amount of non-controlling interests acquired	215,697
Consideration paid to non-controlling interests	(263,756)
Less: deferred tax impact arising from ARN joining the tax consolidated group	(13,740)
Acquisition costs	(2,670)
Amounts recognised in non-controlling interests reserve	(64,469)

Accounting policy

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, balance sheet and statement of changes in equity respectively.

The effects of all transactions with non-controlling interests are recorded in equity if there is no change in control. Where there is a loss of control, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in the income statement. Any losses are allocated to the non-controlling interest in subsidiaries even if the accumulated losses should exceed the non-controlling interest in the individual subsidiary's equity.

5.4 SHARES IN OTHER CORPORATIONS

	Note	2015 $'000	2014 $'000
Shares in other corporations	3.4	32,077	26,352

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of shares in other corporations:

Description	Fair value as at 31 Dec 2015	Valuation technique	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Shares in other corporations	28,173	Discounted cash flows	Cash flow growth factor	Between -3.7% and +2.1 % (+1.7%)	Increased cash growth factor by 50 basis points and lowering discount rate by 100 basis points would increase the fair value by $4.7 million. Lowering cash growth factor by 50 basis points and increasing discount rate by 100 basis points would decrease the fair value by $3.8 million
			Risk-adjusted discount rate	14.0%	
	3,904	Capitalisation multiple	EBITDA multiples	Between 2.0x and 3.5x	The higher the capitalisation multiple, the higher the value
	32,077				

Accounting policy

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value, plus transaction costs. This excludes those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Subsequent measurement of financial assets is at fair value or amortised cost where certain criteria are met.

Financial assets at amortised cost and impairment

The Group's loans and receivables (refer to note 2.3) meet the requirements for measurement at amortised cost based on the purpose for which the assets and liabilities are held and the contractual terms.

For financial assets measured at amortised cost, the Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets at fair value

The Group's investments in equity instruments are measured at fair value, determined in the manner described in note 3.4. At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to recognise gains and losses on equity instruments not held for trading, in other comprehensive income. Otherwise, all gains and losses are recognised in profit or loss.

5.5 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2015 $'000	2014 $'000
Shares in associates	53,811	52,935
Total investments accounted for using the equity method	53,811	52,935
Share of profits of associates	11,899	11,263

(a) Interests in associates

Set out below are the associates of the Group as at 31 December 2015 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest 2015	% of ownership interest 2014	Nature of relationship	Measurement method	Consolidated carrying values 2015 $'000	Consolidated carrying values 2014 $'000
Adshel Street Furniture Pty Limited	Australia	50%	50%	Associate (i)	Equity method	40,221	41,849
Soprano Design Pty Limited	Australia	25%	25%	Associate (ii)	Equity method	13,590	11,086
						53,811	52,935

(i) Adshel Street Furniture Pty Limited specialises in the provision of outdoor advertising with networks throughout Australia and New Zealand.

(ii) Soprano Design Pty Limited specialises in the development and provision of world leading mobile messaging and wireless application infrastructure. The interest in this business was acquired in 2001.

(b) Summarised financial information of associate

The tables below provide summarised financial information for the associate that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts.

	Adshel Street Furniture Pty Limited 2015 $'000	Adshel Street Furniture Pty Limited 2014 $'000
Summarised balance sheet		
Total current assets	56,799	47,004
Non-current assets	78,533	76,451
Total assets	135,332	123,455
Total current liabilities	35,267	34,554
Total non-current liabilities	19,623	5,202
Total liabilities	54,890	39,756
Net assets	80,442	83,699
Reconciliation to carrying amount:		
Opening net assets 1 January	83,699	82,867
Profit for the period	18,789	19,110
Other comprehensive income	(2,046)	722
Dividends paid	(20,000)	(19,000)
Closing net assets	80,442	83,699
Percentage ownership interest	50%	50%
Carrying amount	40,221	41,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.5 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	Adshel Street Furniture Pty Limited	
	2015 $'000	2014 $'000
Summarised statement of comprehensive income		
Revenue	159,498	147,124
Profit for the period	18,789	19,110
Other comprehensive income	(2,046)	722
Total comprehensive income	16,743	19,832
Dividends received from associate	10,000	9,500

(c) Individually immaterial associate

In addition to the interests in associate disclosed above, the Group also has an interest in an individually immaterial associate that is accounted for using the equity method.

	2015 $'000	2014 $'000
Balance at beginning of the year	11,086	9,378
Profit from continuing operations	2,504	1,708
Balance at end of the year	13,590	11,086

Accounting policy

Associates

Associates are all entities over which the Group has significant influence but not control or joint control.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are recognised in the consolidated financial statements as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Joint arrangements

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

(i) Joint operations

The Group recognises its direct right to, and its share of, jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

(ii) Joint ventures

The interest in a joint venture is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the joint venture is recognised in the income statement, and the share of post-acquisition other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.6 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary of financial information for the parent entity

The individual financial statements for the parent entity show the following aggregate amounts:

	2015 $'000	2014 $'000
Balance sheet		
Current assets	67	1,296
Total assets	1,262,196	1,170,513
Current liabilities	449	324
Total liabilities	474,649	410,227
Shareholders' equity		
Issued capital	1,222,778	1,222,778
Reserves		
Share-based payments reserve	7,466	6,476
Retained earnings		
Opening profit reserve	55,456	36,417
Dividends paid	–	–
Brought forward profit reserve	55,456	36,417
Profit for the year	26,271	19,039
Closing profit reserve	81,727	55,456
Closing loss reserve	(524,424)	(524,424)
	787,547	760,286
Profit for the year	26,271	19,039
Total comprehensive income	26,271	19,039

(b) Guarantees entered into by the parent entity

The parent entity and all wholly-owned controlled entities have provided guarantees in respect of banking facilities. As at 31 December 2015, the facilities had been drawn to the extent of $482,851,000 (2014: $497,647,000).

(c) Contingent liabilities and contractual commitments of the parent entity

The parent entity did not have any contingent liabilities or contractual commitments as at 31 December 2015 or 31 December 2014.

Accounting policy

The financial information for the parent entity, APN News & Media Limited, has been prepared on the same basis as the consolidated financial statements, except for:

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment losses in the financial statements of the parent entity.

Dividends received from subsidiaries are recognised in the parent entity's income statement when its right to receive the dividend is established.

5.7 DEED OF CROSS GUARANTEE

Companies in the Closed Group are party to a deed of cross guarantee dated 5 December 2006 under which each guarantees the debts of the others. These companies represent a Closed Group for the purposes of ASIC Class Order 98/1418 *Wholly owned entities*. The companies party to Deed of Cross Guarantee are detailed at note 5.2.

Set out below is the consolidated income statement for the year ended 31 December 2015 for the Closed Group:

	2015 $'000	2014 $'000
Revenue from continuing operations	354,489	303,938
Other revenue and income	52,056	64,052
Expenses from operations before finance costs, depreciation and amortisation	(307,203)	(281,931)
Finance costs	(36,770)	(38,709)
Depreciation and amortisation	(12,829)	(12,805)
Impairment of intangible assets	(50,804)	(49,678)
Share of profits of associates	11,899	11,263
Profit/(loss) before income tax credit	10,838	(3,870)
Income tax expense	(11,443)	(255)
Loss from continuing operations	(605)	(4,125)
Loss attributable to owners of the parent entity	(605)	(4,125)
Accumulated losses		
Balance at beginning of the year	(794,632)	(779,067)
Loss attributable to owners of the parent entity	(605)	(4,125)
Opening retained earnings of entities entering the Closed Group	(2,685)	–
Remeasurement on retirement benefit obligations	431	(440)
Dividends paid	(5,000)	(11,000)
Transfer between reserves	238	–
Balance at end of the year	(802,253)	(794,632)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
5. GROUP STRUCTURE

5.7 DEED OF CROSS GUARANTEE (CONTINUED)

Set out below is the consolidated balance sheet as at 31 December 2015 for the Closed Group:

	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	5,509	15,001
Receivables	481,114	378,982
Inventories	3,519	5,398
Income tax receivable	31	2,207
Other current assets	2,781	2,198
Total current assets	492,954	403,786
Non-current assets		
Other financial assets	413,445	406,754
Investments accounted for using the equity method	53,811	52,935
Property, plant and equipment	58,895	57,861
Intangible assets	458,073	434,328
Total non-current assets	984,224	951,878
Total assets	1,477,178	1,355,664
Current liabilities		
Payables	680,343	577,042
Current tax liabilities	8,908	359
Provisions	5,101	6,724
Total current liabilities	694,352	584,125
Non-current liabilities		
Payables	7,848	9,848
Interest bearing liabilities	295,182	276,543
Derivative liabilities	280	–
Deferred tax liabilities	30,914	24,315
Retirement benefit liability	1,374	2,073
Provisions	3,032	4,154
Total non-current liabilities	338,630	316,933
Total liabilities	1,032,982	901,058
Net assets	444,196	454,606
Equity		
Contributed equity	1,222,780	1,222,780
Reserves	23,669	26,458
Accumulated losses	(802,253)	(794,632)
Total parent entity interest	444,196	454,606
Total equity	444,196	454,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
6. OTHER

6.1 DISCONTINUED OPERATIONS

2014

On 24 January 2014, the Company announced that it had completed the sale of its remaining interest in APN Outdoor to Quadrant Private Equity. The total value of the transaction was $74 million, with $60 million of the proceeds received on 24 January 2014 and the remaining $14 million received in November 2014. On 11 February 2014, the Company announced that it had sold brandsExclusive to Aussie Commerce Group for $2 million and 8% of the equity in Aussie Commerce Group.

The results of APN Outdoor and brandsExclusive prior to disposal were reported as discontinued operations. Financial information relating to the discontinued operations for the period to the date of disposal is set out below:

Discontinued operations

Financial performance and cash flow information

	2014 $'000
Revenue and other income	9,979
Expenses	(5,866)
Profit before income tax	4,113
Income tax credit	266
Profit after income tax from discontinued operations	4,379
Gain on sale of the division before income tax	1,103
Income tax expense	(3,065)
Loss on sale of the division after income tax	(1,962)
Profit from discontinued operations	2,417
Net cash outflows from operating activities	(1,947)
Net cash inflows from investing activities	74,370
Net increase in cash generated by the division	72,423

Accounting policy

Non-current assets (or disposal Groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount, and their fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

6.2 CONTINGENT LIABILITIES

Claims

Claims for damages are made against the Group from time to time in the ordinary course of business. The Directors are not aware of any claim that is expected to result in material costs or damages. The Company is involved in a dispute with the IRD regarding certain financing transactions. Refer note 4.1 for further details.

6.3 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms.

	2015 $'000	2014 $'000
Remuneration for audit or review of the financial reports		
PricewaterhouseCoopers – Australian firm	582	546
PricewaterhouseCoopers – overseas firm	352	585
Other firms	–	140
Remuneration for other assurance services		
PricewaterhouseCoopers – Australian firm	32	715
PricewaterhouseCoopers – overseas firm	28	17
Other firms	–	112
Total audit and other assurance services	994	2,115
Remuneration for other services		
PricewaterhouseCoopers – Australian firm		
Tax services		
– Consulting and advice	307	1,196
– Compliance	124	179
Other advisory services	283	185
PricewaterhouseCoopers – overseas firm		
Tax services		
– Consulting and advice	452	959
– Compliance	230	171
Other advisory services	25	–
Other firms		
Tax services		
– Compliance	–	89
Other advisory services	–	3,801
Total non-audit services	1,421	6,580

6.4 RELATED PARTIES

(a) Transactions with other related parties

The below relates to both continued and discontinued operations.

The aggregate amounts recognised in respect of the following types of transactions and each class of related party involved were:

Transaction type	Class of other related party	2015 $'000	2014 $'000
Consulting services received	Key management personnel (i)	19	63
Independent News & Media fees	Other related party (ii)	–	145
Management fees receivable	Associates (iii)	150	150
Associate company fee	Associate/Key management personnel (iv)	50	50
Print services received	Other related parties (v)	4,634	7,883
Administration fee	Associates (vi)	418	–
Consultancy services recieved	Key management personnel (vii)	67	–

The above transactions were made on commercial terms and conditions and at market rates except where indicated.

(i) Consultancy fees paid to a company associated with Peter Cosgrove for marketing services, which ceased 30 June 2015.

(ii) Payments to Independent News & Media PLC include reimbursements for services provided including travel and ancillary expenses, provision of unlimited live editorial copy, services of directors, and for advisory services on a range of matters including global media and advertising trends and product development.

(iii) Management fee received/receivable from associates.

(iv) Chairman's fee paid to Peter Cosgrove by Adshel Street Furniture Pty Limited, the joint venture with iHeartMedia.

(v) Print service fees paid to Beacon Print Ltd, a company in which the Group holds an interest.

(vi) Administration fee received from Adshel Street Furniture Pty Limited for co-ordinating asset purchases.

(vii) Consultancy fee paid to Vincent Crowley for consulting and advisory services rendered.

(b) Payables with other related parties

There was $270,000 payable to related parties as at 31 December 2015 (2014: $404,000).

6.5 OTHER SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation – subsidiaries

The consolidated financial statements incorporate the assets and liabilities of APN News & Media Limited and its subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is APN News & Media Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold or a partial disposal occurs, a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Trade payables

Trade payables, including accruals not yet billed, are recognised when the Group becomes obliged to make future payments as a result of a purchase of assets or services. Trade payables are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received. Trade payables are unsecured and are generally settled within 30 to 45 days.

Dividends

A payable is raised for the amount of any dividend declared, determined or publicly recommended by the Directors before or at the end of the financial year but not distributed at balance date.

Short-term incentive plans

A liability for short-term incentives is recognised in provisions when there is an expectation of settlement and at least one of the following conditions is met:

- there are contracted terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for short-term incentives are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Defined benefit superannuation plans

A liability or asset in respect of defined benefit superannuation plans is measured as the present value of the defined benefit obligation plus unrecognised actuarial gains or losses, less the fair value of the superannuation fund's assets at that date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Past service costs are recognised immediately in profit or loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date using the first in first out basis. Cost comprises material, labour and an appropriate proportion of fixed and variable overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated necessary selling costs.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Fair value is determined with reference to quoted market prices. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised in the income statement in other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the effective portion of forward foreign exchange contracts is recognised in the income statement within other income.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised in the income statement.

Standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

In January 2015, the AASB issued AASB 2015–2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* as part of the IASB's Disclosure Initiative project. It applies to annual reporting periods commencing on or after 1 January 2016 and has been early adopted for the preparation of the 2015 financial statements and notes. The amendments removed certain minimum disclosure requirements from AASB 101 including the removal of reference to a 'summary of significant accounting policies', allow reordering and regrouping of notes to the financial statements to give prominence to the areas most relevant to understanding the entity and clarify an entity's ability to exclude information that is not material.

The IASB has issued IFRS 15 *Revenue from Contracts with Customers*, a new standard for the recognition of revenue, replacing IAS 18 *Revenue* which covers contracts for goods and services. Refer to note 1.1 for more detail.

In January 2016, the IASB issued IFRS 16 *Leases*, a new standard for the accounting of leases, replacing IAS 17 *Leases*. The new standard will predominantly affect lessees, with almost all leases brought onto the balance sheet. It applies to annual reporting periods commencing on or after 1 January 2019. Adoption of the new standard in Australia is still being considered by the AASB. The Group has yet to fully assess the impact of the new standard on the financial statements when applied to future periods.

AASB 9 *Financial Instruments*, the AASB equivalent of IFRS 9 *Financial Instruments*, establishes the principles for the financial reporting of financial assets and financial liabilities. The AASB issued the final version of AASB 9 in December 2014, which replaces earlier versions of AASB 9 issued in 2009 and 2010 (classification and measurement requirements) and 2013 (a new hedge accounting model). It is effective for annual reporting periods beginning on or after 1 January 2018. The classification and measurement requirements were early adopted on 31 December 2009. Subsequently, the 2010 version was adopted on 31 December 2010. The new hedge accounting model was adopted effective 31 December 2015.

There are no other standards and interpretations that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

6.6 SUBSEQUENT EVENTS

On 25 February 2016, the Company announced that it had commenced a process to divest of the Australian Regional Media business.

Other than the matter described above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

This preliminary final report was approved by resolution of the Board of Directors on 25 February 2016.

Peter Cosgrove
Chairman

25 February 2016